

VZCZCXYZ0002
PP RUEHWEB

DE RUEHHK #0944/01 1420851
ZNR UUUUU ZZH
P 220851Z MAY 09
FM AMCONSUL HONG KONG
TO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 7679
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 3192

UNCLAS HONG KONG 000944

SIPDIS

STATE FOR EAP/CM, EEB/IFD AND EEB/ESC,
TREASURY FOR OASIA,
BEIJING FOR TREAS ATTACHE

E.O. 12958: N/A

TAGS: [EFIN](#) [ECON](#) [SOCI](#) [KCRM](#) [QA](#) [MC](#)

SUBJECT: MONEY LAUNDERING: MACAU'S YOUNG FIU GAIS
MILESTONE EGMONT GROUP MEMBERSHIP

¶1. (SBU) Summary: Macau's Financial Intelligence Unit (GIF for its Portuguese name) will gain membership to the Egmont Group of Financial Intelligence Units at the Group's May 24-28 Plenary in Doha, GIF Director Deborah Ng told us May 14. Egmont Group membership gives GIF a formal platform to exchange information, training, and expertise with other developed FIUs (e.g., FinCEN, the U.S. Financial Crime Enforcement Network). GIF chairs Macau's Anti-Money Laundering (AML) Working Group, which is addressing recommendations resulting from a 2006 mutual evaluation of Macau's AML programs by the Asia Pacific Group on Money Laundering (APG) and the Offshore Group of Banking Supervisors (OGBS). We continue to encourage and provide substantive assistance to the GIF in addressing the APG recommendations issued in July 2007. We note good progress in four key areas (Egmont Group membership, GIF permanence, increased investigative capacity, and maintenance of financial crimes/prosecution statistics), while the Macau Special Administrative Region Government (MSARG) still lags in two of the recommended areas (cross-border currency reporting requirements and customer due diligence). The MSARG must respond to the APG/OGBS mutual evaluation report by July 2009 (two-year mark). End Summary.

Egmont Group Membership to Boost Cooperation

¶2. (SBU) The Egmont Group will extend membership status to Macau's Financial Intelligence Unit (GIF) at its upcoming May 24-28 Plenary and Working Groups meetings in Doha, Qatar, GIF Director Deborah Ng told us May 14. The Egmont Group, established in 1995, provides its operationally-defined FIU members a platform for cooperation in information exchange, training opportunities, and expertise sharing. Macau's joining the group publicly demonstrates its capability and willingness to share information with other FIUs, such as the U.S. Financial Crime Enforcement Network (FinCEN). GIF recently signed Memorandums of Understanding (MOUs) to mutually share information with FIUs from Portugal, Korea, mainland China, and Hong Kong, jurisdictions that comprise Macau's major sources of fund inflows. Ng told us GIF is also considering MOUs with Indonesia, the Philippines, and Japan.

Investigative Capacity: Training/International Cooperation

¶3. (SBU) GIF members continue to build investigative capacity through training and participation in AML international mutual evaluation teams. The Department of State's Bureau of International Narcotics and Law Enforcement (INL) funded a financial investigations training course for the MSARG from

May 18-22, 2009. This course, arranged by the U.S. Consulate General Hong Kong and instructed by personnel from the Criminal Investigation Division of the U.S. Internal Revenue Service (IRS-CID), attracted members of Macau's GIF, Judiciary Police, Public Prosecutions Office, and the Macau Monetary Authority. GIF Director Ng is also building her own professional competence while reviewing Korea's AML programs during a joint APG/Financial Action Task Force on Money Laundering (FATF) mutual evaluation. She is collaborating with AML experts from Hong Kong, Japan, Spain, the United States, and representatives from the APG and FATF Secretariats.

GIF Entrenching While Expanding; Tracking Progress

14. (SBU) The MSARG established the GIF in 2006, following the U.S. Treasury Department's proposed designation of Macau's Banco Delta Asia (BDA) as an institution of primary money laundering concern. In order to rapidly field an FIU, the MSARG established the GIF as a "temporary" project/entity. Director Ng told us that Macau's Legislative Assembly would consider proposals for a permanent GIF after the new Chief Executive takes office later this year. Meanwhile, GIF continues to expand operations and staffing, with additional recently acquired office space, and increased staffing from five to thirty full-time employees, ten of whom are technical financial analysts. GIF is also considering procurement of a web-based system to automate Suspicious Transaction Reports' (STRs) collection (current paper-based collection system requires labor-intensive manual data input by GIF staff). GIF continues to raise AML awareness within the financial,

gaming, and other cash-collecting sectors (e.g., precious metals dealers, money exchangers, etc.) and has instituted operational procedures to track the status of investigative and prosecutorial leads it forwards to relevant authorities. GIF now maintains statistical records and in 2008, it received 838 STRs, 104 of which were submitted to Macau's Public Prosecutions Office.

Cross-Border Currency Movement Remains a Concern

15. (SBU) GIF Director Ng told us Macau's GIF-chaired AML Working Group is discussing the strength of cross-border currency movement regulations. She stated that GIF submitted to Macau's Secretary for Economy and Finance a proposal to address this weakness. Ng cited, however, that the MSARG would first have to evaluate any proposed measure on its local economic impact, given that Macau's revenue generating sectors (i.e., casinos, tourism) rely heavily on overseas visitors' spending. In spite of this, Ng did acknowledge that Macau needs stronger regulations in this area.

No Change in Recommended Customer Due Diligence

16. (SBU) Macau's APG/OGBS mutual evaluation report recommends that non-financial businesses and professions (e.g., casinos) obtain customer identification (ID) for cash transactions larger than \$3,000 U.S. dollars. Current Macau regulations require casinos to obtain customer ID only for transactions above \$62,500 U.S. dollars (500,000 Macau Patacas, MOP). Macau officials have told us in the past that these recommendations are too "onerous," and they are reluctant to lower the current level since virtually all casino players would qualify.

DONOVAN